

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 269 – SB 346

April 1, 2019

SUMMARY OF ORIGINAL BILL: Decreases, from 15 to 10 days, the period of time the Comptroller of the Treasury has to determine whether a contract or financing agreement to fund a medical school under the Medical School Authorities Act of 2010 is in compliance with the guidelines, rules, and regulations of the state funding board.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (007121): Deletes all language after the enacting clause. Requires the University of Tennessee College of Medicine (UTCM), in cooperation with the Department of Health (DOH) and East Tennessee State University (ETSU), to establish a total of 100 residency opportunities, focusing on family practice or general pediatrics, to provide medical services in distressed rural counties. Requires the residencies be open to all qualified candidates and filled through the existing matching process employed in graduate medical education. Requires ETSU to establish 24 of the 100 residencies. Requires the UTCM to establish 76 of the 100 residencies. Requires the residencies be available no later than July 1, 2021. Authorizes UTCM and ETSU to use any and all non-state funds to establish the required residency opportunities.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures – \$282,100/FY19-20/ETSU
\$564,300/FY20-21/ETSU
\$846,400/FY21-22 and Subsequent Years/ETSU**

**\$881,700/FY19-20/UTCM
\$1,763,300/FY20-21/UTCM
\$2,680,300/FY20-21 and Subsequent Years/UTCM**

**Increase Federal Expenditures – \$2,327,600/FY19-20
\$4,655,200/FY20-21
\$7,053,300/FY21-22 and Subsequent Years**

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Assumptions for the bill as amended:

- Based on information provided by the ETSU, a medical residency is a three-year program.
- The ETSU will establish 8 new residencies in each FY19-20 through FY21-22 to establish the required total 24 new residencies by July 1, 2021.
- The average salary for a medical resident is estimated to be \$65,800.
- Each medical resident is provided faculty supervision. The cost for faculty supervision per medical student is \$40,000.
- The total cost per resident per year is estimated to be \$105,800 (\$65,800 + \$40,000).
- The increase in expenditure's to ETSU associated with the new residencies is estimated to be \$846,400 (\$105,800 x 8 residencies) in FY19-20; \$1,692,800 (\$105,800 x 16 residencies) in FY20-21; and \$2,539,200 (\$105,800 x 24 residencies) in FY21-22 and subsequent years.
- Resident positions are funded through a federal matching program which provides \$2 of federal funding for every \$1 of state funding.
- The total recurring increase in state expenditures to ETSU with the federal match are as follows:
 - \$282,133 (\$846,400 / 3) in FY19-20.
 - \$564,267 (\$1,692,800 / 3) in FY20-21.
 - \$846,400 (\$2,539,200 / 3) in FY21-22 and subsequent years.
- The total recurring increase in federal expenditures associated with the 24 new residencies at ETSU are as follows:
 - \$564,267 (\$846,400 - \$282,133) in FY19-20.
 - \$1,128,533 (\$1,692,800 - \$564,267) in FY20-21.
 - \$1,692,800 (\$2,539,200 - \$846,400) in FY21-22 and subsequent years.
- The UTSC will establish 25 new residencies in each of FY19-20 and FY20-21 and 26 new residencies in FY21-22 to establish the total 76 new residencies by July 1, 2021.
- The increase in expenditure's to ETSU associated with the new residencies is estimated to be \$2,645,000 (\$105,800 x 25 residencies) in FY19-20; \$5,290,000 (\$105,800 x 50 residencies) in FY20-21; and \$8,040,800 (\$105,800 x 76 residencies) in FY21-22 and subsequent years.
- The total recurring increase in state expenditures to UTCM with the federal match are as follows:
 - \$881,667 (\$2,645,000 / 3) in FY19-20.
 - \$1,763,333 (\$5,290,000 / 3) in FY20-21.
 - \$2,680,267 (\$8,040,800 / 3) in FY21-22 and subsequent years.
- The total recurring increase in federal expenditures associated with the 76 new residencies at UTCM are as follows:
 - \$1,763,333 (\$2,645,000 - \$881,667) in FY19-20.
 - \$3,526,667 (\$5,290,000 - \$1,763,333) in FY20-21.
 - \$5,360,533 (\$8,040,800 - \$2,680,267) in FY21-22 and subsequent years.
- The total recurring increase in federal expenditures associated with the total 100 new residencies is estimated to be \$2,327,600 (\$564,267 + \$1,763,333) in FY19-20; \$4,655,200 (\$1,128,533 + \$3,526,667) in FY20-21; and \$7,053,333 (\$1,692,800 + \$5,360,533) in FY21-22 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/vlh